

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 16, 2003**

AGENDA ITEM NO.: 4

CONSENT: **X**

REGULAR:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Appropriations for Refuse Collection and Recycling Gainsharing Programs for FY 2003**

RECOMMENDATION:

Recommend that the FY 2004 Solid Waste Management Fund Operating Budget (the Fund) be amended and \$109,105 be appropriated with resources of \$32,326 from the Fund's Undesignated Fund Balance for the refuse collection and recycling gainsharing programs from cost savings during the FY 2003 contract year and \$76,779 from the resulting payout from the Reserves for the Refuse Collection and Recycling Programs escrow savings accounts for the life of the refuse collection and recycling contractual agreements. Further it is also recommend that \$30,891 be transferred from the Refuse Collection Gainsharing Reserve for FY 2003 excess refuse collection expenditures in accordance with the memorandum of understanding.

SUMMARY:

Upon completion of the recycling bid process in 1996, it was determined by City Council that the Department of Public Works could provide those services at the lowest overall cost. Subsequently, City Council adopted resolutions authorizing the City Manager to execute Memorandums of Understanding with Public Works to provide refuse collection and recycling services.

The Memorandums of Understanding provide that at the end of each contract year, the actual cost for the service will be compared to the bid price. These costs have to be calculated and verified by either the Department of Financial Services or an independent certified public accounting firm. For the FY 2003 contract year, this verification is currently underway by the Department of Financial Services at cost savings of \$12,000. The contract further provides that in the event that the actual expenses are less than the bid amount, thirty (30) percent of the savings will be paid to the employees as a year-end payment. The remaining seventy (70) percent of savings will be placed in an escrow account by Financial Services to be applied against any cost overruns in subsequent years. Any funds remaining in the escrow account at the end of the contract will be divided equally between the City and the refuse collection and recycling employees. The fifty- (50) percent employee share will be distributed as a year-end payment on the same basis as the annual payment. The contractual agreements for both refuse collections and recycling services ended June 30, 2003; thereby, the funds in the two escrow accounts are being divided equally between the City and the employees in each respective area.

- Seventy (70) percent of the savings from the FY 2003 recycling contracts totaling \$22,628 from the Solid Waste Management Operating Fund Undesignated Fund Balance would be appropriated to the Reserves for the Recycling Gainsharing Programs.
- The remaining thirty (30) percent of the verified savings from the FY 2003 recycling contracts totaling \$9,698 would be appropriated from the Solid Waste Management Operating Fund Undesignated Fund Balance to the FY 2004 refuse collection and recycling operating budgets for employee compensation.

- In accordance with the contract in any year where expenses exceed the budget any excess must be transferred from the respective reserve to the Solid Waste Management Fund Undesignated Fund Balance. For FY 2003 Refuse Collection expenses exceeded the budget by \$30,891. Accordingly this amount must be transferred from the balance (\$103,268) in Reserve for Refuse Collection Gainsharing to the Solid Waste Management Fund Undesignated Fund Balance.
- In accordance with the contract, fifty (50) percent of the savings during the contract period would be appropriated from the Reserves for the Refuse Collection and Recycling Program escrow accounts totaling \$76,779 (Refuse Collection - \$36,189, Recycling - \$40,590) would be appropriated to the FY 2004 refuse collection and recycling operating budgets for employee compensation.

PRIOR ACTION(S):

December 2, 2003 - Finance Committee

FISCAL IMPACT:

\$32,326 from the Undesignated Solid Waste Management Fund Balance
\$30,891 from the Reserves for the Refuse Collection Gainsharing
\$76,779 from the Reserves for the Refuse Collection and Recycling Gainsharing

CONTACT(S):

Dave Owen (847-1806x22)
Bruce McNabb (455-3950)

ATTACHMENT(S):

Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the FY 2004 Solid Waste Management Fund Operating Budget is amended and \$109,105 is appropriated with resources of \$32,326 from the Solid Waste Management Fund Undesignated Fund Balance for the recycling gainsharing program cost savings during the FY 2003 contract year and \$76,779 from the resulting payout from the Reserves for the Refuse Collection and Recycling Programs escrow savings accounts for the life of the refuse collection and recycling contractual agreements; and

BE IT FURTHER RESOLVED That \$30,891 be transferred from the Refuse Collection Gainsharing Reserve to the Solid Waste Management Operating Fund Undesignated Fund Balance for FY 2003 excess expenditures in accordance with the memorandum of understanding; and

BE IT FURTHER RESOLVED That the payout from the Reserves for the Refuse Collection and Recycling Programs escrow savings accounts for the life of the refuse collection and recycling contractual agreements is authorized to proceed prior to the final adoption (second reading) of the appropriating resolution.

Introduced:

Adopted:

Certified:

Clerk of Council

201L